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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Supplemental Report of Independent Accountants on Applying Agreed-Upon Procedures

To the Management of SBC Communications Inc.

We have performed the supplemental procedure enumerated in Appendix A, which was agreed to by management of SBC Communications Inc. (SBC) and the Federal Communications Commission (FCC), solely to assist these specified parties in evaluating management's assertion that SBC complied with the separate affiliate requirements set forth in Section I of Appendix C of the FCC's Order approving the SBC/Ameritech Merger, CC Docket No. 98-141, released October 8, 1999 (Separate Affiliate Requirements), as amended by the Second Memorandum Opinion and Order, FCC 00-336, released September 8, 2000, allowing SBC's incumbent local exchange carriers (ILECs) to own certain equipment used to provide Advanced Services throughout SBC's service area, during the period from January 1, 2001 to December 31, 2001 (the Engagement Period). This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedure described in Appendix A either for the purpose for which this report has been requested or for any other purpose.

The procedure performed and the results obtained are documented in Appendix A. The procedure and the results are not intended to be an interpretation of any legal or regulatory rules, regulations or requirements.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on SBC's compliance with the Separate Affiliate Requirements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of SBC and the FCC and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Ernst & Young LLP

January 30, 2003

APPENDIX A

Results of Supplemental Agreed-Upon Procedures

The definitions of the following terms are documented in Appendix B to our original Report of Independent Accountants on Agreed-Upon Procedures dated August 31, 2002: Advanced Services, Advanced Services Affiliate(s), Advanced Services Equipment, Affiliate, Ameritech, Ameritech States, Assets, Customer Care, Engagement Period, ILECs, Merger Closing Date, Merger Conditions, Obtain, Official Services, Permitted Billing and Collection Services, SBC States, Users **and** Voice Grade Service.

On August 30, 2002 the FCC Staff issued a letter extending the due date of the procedure noted below from September 3, 2002 to October **18**, 2002. This due date was subsequently extended to January 31, 2003.

1. On January 30, 2003, Ernst & Young issued a separate attestation examination report regarding SBC's compliance with the Pronto Collocation Requirements¹ for the year ended December 31, 2001 (Pronto Collocation Compliance Engagement). At the Users' request, Ernst & Young reviewed the supporting workpapers for the Pronto Collocation Compliance Engagement and documented that there were no material or immaterial exceptions noted during the performance of the procedures to test SBC's compliance with the Pronto Collocation Requirements for the year ended December 31, 2001.

¹ The Pronto Collocation Requirements are set forth in paragraphs 5(a), 5(b)(1), 5(b)(2), 5(c), 5(d), and 6 of Appendix A of *Second Memorandum Opinion and Order* (FCC 00-336), 15 FCC Red. 17,521 (2000), which modified the Merger Conditions set forth in Appendix C of the Federal Communications Commission's ("FCC's") Order Approving the SBC/Ameritech Merger (*Applications of Ameritech Corp. and SBC Communications Inc. for Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Section 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95 and 101 of the Commission's Rules*, CC Docket No. 98-141, *Memorandum Opinion and Order*, 14 FCC Red 11712 (1999)).